



Governor's Commission  
on  
Welfare Policy

STATE OF MARYLAND  
William Donald Schaefer,  
Governor

DEPARTMENT OF HUMAN  
RESOURCES  
Carolyn W. Colvin, Secretary  
Daryl C. Plevy, Deputy Secretary

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Dr. Rosetta Stith, Vice Chair

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The Rev. Marcus G. Wood  
Thomas P. Perkins III, Special Counsel

James R. Moody, Editor

*"For the Good of  
the Whole..."*

Making Welfare Work



Final Report of the  
Governor's Commission on Welfare Policy

June, 1994

# Acknowledgements

The members of the Governor's Commission on Welfare Policy wish to acknowledge the following individuals for their invaluable assistance during the commission's deliberations and in the preparation of both their interim and final reports:

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Richard E. Larson, Carolyn Owens, Swakuu Karim, and Mary Socilotto of the Maryland Department of Human Resources.

## Welfare Policy Institute

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*The title of the commission's final report is taken from Article 1 of the Declaration of Rights of the Constitution of the State of Maryland. The Article states, in part, "That all Government of right originates from the People, is founded in compact only, and instituted solely for the good of the whole..."*



# Governor's Commission on Welfare Policy

June 30, 1994

STATE OF MARYLAND  
William Donald Schaefer,  
Governor  
  
DEPARTMENT OF  
HUMAN RESOURCES  
Carolyn W. Colvin, Secretary  
Daryl C. Plevy, Deputy Secretary

The Honorable William Donald Schaefer  
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Annapolis, Maryland 21401

Benjamin Civiletti, Chair  
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Thomas P. Perkins III,  
Special Counsel

Dear Governor Schaefer:

On behalf of the members of the Governor's Commission on Welfare Policy, I am pleased to present you with our final report. This report represents our best recommendations following months of public hearings, subcommittee work sessions and presentations by some of the country's foremost experts on welfare policy. While there may not have been complete agreement on some of the finer details within the report, we are happy to report that we did reach consensus on the larger points. Some individual commissioners have raised additional points or concerns in statements included in the report's appendix.

Much of this final report does not differ substantially from the initial findings we sent you last October. The commission did, however, conduct further discussions on several important items. That additional work is reflected in this document.

I'd especially like to direct your attention to the section on teen pregnancy. The commission, almost to a person, recognizes that teen pregnancy is one of the most important problems to be solved if we are ever to be successful in reforming the welfare system. The statistics cited in the report paint a powerful picture: a teen who becomes a mom is almost certainly assured a life of poverty and welfare dependency. More than half of people on welfare started there as a single teen parent.

Welfare reform is one of the most important challenges facing our nation. Maryland can be proud of having been a leader in the reform effort. All of us on the commission appreciate the opportunity you have given us to help make a difference. We hope that we have been able to adequately meet the charge you gave us. Thank you.

Sincerely,

Benjamin R. Civiletti,  
Chairman



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# The State of Maryland

## Executive Department

### EXECUTIVE ORDER 01.01.1993.10

#### Governor's Commission on Welfare Policy (Amends 01.01.1993.07)

WHEREAS,

The Governor's Commission on Welfare Policy was established by Executive Order 01.01.1992.17 on August 10, 1992, to examine, evaluate and recommend changes to the current welfare system;

WHEREAS,

The Executive Order was initially amended on February 23, 1993, to provide for certain increases in community representation and modification to the Commission's work schedule;

WHEREAS,

It is deemed beneficial to have representation from the Department of Human Resources Advisory Council on the Commission, as well as to have the flexibility to provide for additional participation from the community where necessary;

NOW, THEREFORE,

I, WILLIAM DONALD SCHAEFER, GOVERNOR OF THE STATE OF MARYLAND, BY VIRTUE OF THE AUTHORITY VESTED IN ME BY THE CONSTITUTION AND LAWS OF MARYLAND, HEREBY PROCLAIM THE FOLLOWING EXECUTIVE ORDER, EFFECTIVE IMMEDIATELY:

A. Governor's Commission. There is a Governor's Commission on Welfare Policy.

B. Membership and Procedures.

(1) The Governor's Commission shall consist of up to [19] 22 members.

(a) The Secretary, or designee, of the Department of Human Resources;

(b) The Secretary, or designee, of the Department of Health and Mental Hygiene;

(c) 1 member of the Senate of Maryland, appointed by the President of the Senate;

(d) 1 member of the Maryland House of Delegates, appointed by the Speaker of the House;

(e) A representative of the Maryland Association of Local Social Service Directors, or designee;

(f) A REPRESENTATIVE OF THE  
DEPARTMENT OF HUMAN RESOURCES ADVISORY  
COUNCIL;

[(f)](G) The Chairperson of the Governor's  
Work Force Investment Board, or designee; and

[(g)](H) Up to [13] 15 members from the public  
at large, appointed by the Governor, representing the business  
community, the welfare advocacy community, the service provider  
community, consumers of services, and the general public.

(2) The Governor shall appoint the Chairperson and Vice-  
Chairperson of the Commission.

(3) In the event of a vacancy on the Commission, the  
Governor may appoint a successor.

(4) The Governor may remove any member of the  
Commission for any cause adversely affecting the member's ability  
or willingness to perform his or her duties.

(5) The Chairman, with the approval of the Governor,  
may appoint additional adjunct members at large who bring special  
expertise to the Work Group.

(6) A majority of the Commission shall constitute a  
quorum for the transaction of any business. The Commission may  
adopt any other rules or procedures necessary to ensure the orderly  
conduct of business.

(7) The members of the Commission may not receive any  
compensation for their services. The public members may be  
reimbursed for their reasonable expenses incurred in the  
performance of their duties, in accordance with the standard travel  
regulations, and as provided in the State budget.

(8) The primary staff support necessary for the  
completion of the Commission's duties shall be provided by the  
Department of Human Resources and a Welfare Policy Institute to  
be established jointly by the Secretaries of Human Resources and  
Higher Education. Staff support from other relevant State agencies  
shall be provided as needed.

C. Scope of the Task Force.

(1) The Commission shall develop a proposal for the  
implementation, operation, and evaluation of a comprehensive  
federal research and demonstration project that will be designed to  
substantially modify or replace the current system of federal and  
State means-tested assistance programs.

**(2) The Commission shall examine replacing existing programs with a time-limited economic support and employment and training system for families that are in need where the caregiver is able-bodied;**

**(3) The Commission shall evaluate and, if indicated, recommend changes to the components of the "minimum living level" and "standard of need" as now determined by the Department of Human Resources.**

**(4) The Commission shall study and, if indicated, recommend changes to the total amount of benefits and services available to welfare beneficiaries, including all Federal and State programs that serve recipients of Aid to Families with Dependent Children and General Public Assistance.**

**(5) The Commission shall propose the creation of systems that shall hold as values:**

**(a) The primacy of work, to reward work and other efforts that promote self-sufficiency;**

**(b) The primacy of family, to strengthen families and parental responsibility;**

**(c) The primacy of individual autonomy within a community of citizens, to highlight the reciprocal obligations we have as citizens to one another; and**

**(d) The need to constantly improve the way government serves families and individuals.**

**(6) The Commission shall propose systems that shall be comprehensive, and modify, consolidate or replace all forms of means-tested benefits currently given to families. The system shall balance ease of access with the need to screen out those who are not in need. The systems shall be linked to one another to ensure coordination. The systems shall be efficient, manageable and cost beneficial.**

**(7) The Commission shall consider for replacement, consolidation, or modification current publicly financed programs including:**

**(a) Aid to Families with Dependent Children (AFDC);**

**(b) Energy Assistance;**

**(c) Food Stamps;**

(d) Other nutrition assistance programs, such as Women, Infants and Children (WIC), and the School Lunch Program;

(e) Housing Assistance;

(f) Emergency Assistance;

(g) Child Support Payments and Enforcement Services;

(h) Refugee Assistance;

(i) Homeless Cash Assistance;

(j) Child Care Assistance;

(k) Medical Assistance; and

(l) All other forms of cash and non-cash assistance.

(8) The Commission shall also perform such other necessary duties as might be assigned by the Governor.

(9) The Commission shall report its initial findings to the Governor no later than October 31, 1993, and periodically thereafter as established by the Governor and the Commission.

(10) The Commission shall submit its final report to the Governor no later than June 30, 1994.

GIVEN Under My Hand and the Great Seal of the State of Maryland, in the City of Annapolis, this 9<sup>th</sup> day of March, 1993.



*William Donald Schaefer*  
William Donald Schaefer  
Governor

ATTEST:

*Winfield M. Kelly*  
Winfield M. Kelly  
Secretary of State



# For the Good of the Whole: Making Welfare Work

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## Final Report of the Governor's Commission on Welfare Policy

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### INTRODUCTION

**T**he recommendations contained in this final report from the Governor's Commission on Welfare Policy do not differ dramatically from those issued in its interim report. Much has happened since that report was issued last October.

Governor William Donald Schaefer introduced to the General Assembly legislation that was based, in large measure, on the commission's recommendations — including one that created no small amount of debate, the family cap. During subsequent deliberations, the state senate attached an amendment that would remove restrictive budget language and permit Medicaid-funded abortions. In the closing minutes of the session, the Legislature passed the bill, but without the family cap or the Medicaid-funded abortion provisions. The governor vetoed the bill on May 26.

In submitting its final report, the commission is mindful of the unresolved issues still percolating on the national agenda: the length of support time, whether in training or subsidized jobs; whether to guarantee a safety net if no subsidized jobs are found; issues related to increases in family size while on assistance; and the debates about

the efficacy of many of the work and family incentives.

This commission has, over the past year, debated many of these same issues and is pleased to have contributed to a change in the public discourse concerning them. What Maryland finally does in the welfare reform arena will partially depend on how the federal government resolves their issues.

Public opinion is shifting and so is the thinking of the state's departmental staff:

- The concept of mutual responsibility between recipients and the state is now established.
- The emphasis on finding jobs and actively preparing to work will replace the more passive receipt of income maintenance.
- Incentives to work and stay employed will be developed.
- The responsibility of both parents to their children's well-being and healthy development will be better enforced.
- Multifaceted and aggressive teen-pregnancy prevention activities will be pursued.

The easiest and cheapest approach to welfare reform is to leave the current system alone. Positive changes will require additional up-front investments that may be recouped over time. The commission hopes these recommendations will be implemented with appropriate financial support so that Maryland can make a start at meaningful welfare reform.

## The Problem

"Give people fish and you feed them for a day; teach them to fish, and you feed them for a lifetime." This ancient philosophy of self-sufficiency is at the heart of the recommendations made by the Governor's Commission on Welfare Policy.

Welfare programs are in need of reform. Serious flaws have resulted in a system that:

- doesn't reward work or efforts to seek employment;
- discourages two-parent families; provides welfare benefits that often exceed those achievable by the working poor;
- offers few positive expectations of clients;
- minimizes fathers' responsibilities to family and children.

The welfare system was never intended to be a long-term method of income maintenance. Its primary original purpose was to safeguard the well-being of children in times of major family crisis, such as the death of a parent. Instead the current system has become one that fosters dependency, contributes to low self-esteem and fuels problems that produce dysfunctional families.

## Executive Summary

- Governor William Donald Schaefer introduced to the General Assembly legislation that was based, in large measure, on recommendations in the commission's interim report. The Legislature passed the bill without the family cap provision and without the senate amendment removing restrictions on Medicaid-funded abortions. The governor vetoed it on May 26.
- What Maryland finally does in welfare reform will partially depend on how the federal government resolves its issues.
- The commission recognizes that the easiest and cheapest approach is to leave the current system alone. Positive changes will require additional up-front investments that may be recouped over time. The commission hopes these recommendations will be implemented with appropriate financial support.
- The proposed Family Investment System would begin with a screening process requiring participants to begin immediate life skills/job search activities.
- A Family Service Agreement would be formalized between the client and the state, clearly spelling out the responsibilities for each.
- A Single Need Service would assist those who experience a onetime emergency need. This grant should not exceed three-months' AFDC, capped at the

three-member-family level.

- All nondisabled persons would be required to participate in job-search activities, such as life skills training and job clubs. Those not immediately successful in finding employment would be assessed to help identify barriers to employment.
- People able to get jobs sufficient to support a family (approximately \$6.00/hour), and requiring a minimum of assistance, should move quickly out of the program. A suspense category would be needed for participants finding jobs so their medical and child care benefits could continue during a period of initial job adjustment.
- The FIS should provide incentives for work through use of the Earned Income Tax Credit, supplemented by Job Incentive and Training Incentive Bonuses to offer better financial rewards than public assistance programs.
- Clients would be required to participate in developmental activities promoting employment. This represents a similar but more intensive version of the current Project Independence. To the extent that resources are available — and a waiver is granted — fathers would be encouraged to participate in these activities, as well.
- Skills training would be interspersed with participation in job clubs, work experience and other activities designed to lead to employment. Developmental training should not exceed a period of eighteen months.

- Participants still unemployed at the conclusion of developmental training would be required to work in community service jobs. These jobs would not include incentive bonuses.
- The commission agrees upon the need for an effective and fair system of corrective sanctions to assure full compliance with program requirements.
- A major area of concern to the commission is making sure children are protected if their parents refuse to comply with the FIS Program. A system of frequent and early intervention is critical in attempting to keep families together. If, however, it is determined that the parent or guardian is either abusive or neglectful, the children must be removed immediately from harm.
- To assure reform while protecting the well-being of affected children, it is proposed program requirements be implemented over a period of two years. It is expected that the plan should be implemented initially in at least three pilot sites, but pieces of it could be executed state wide before the completion of the pilot.
- The FIS would have to operate under a series of waivers from the federal government and would, therefore, be subject to vigorous and objective program evaluation. This evaluation would have to include the use of a control group within each pilot site.
- This program's goal of remaining within available resources takes into account that many of the services it proposes already exist under the auspices of other agencies. The development of inter-agency teams who will work from community-based resource centers is essential. Project Independence staff and resources should form the core of the new interagency teams.
- Self-sufficiency, for both individuals and children, is best achieved within the context of the two-parent family. The commission believes the Family Investment System should strongly encourage this.
- Even more aggressive enforcement of court-ordered child support should help shift the financial burden of caring for children to both parents.
- The most significant contribution the Family Investment System could make is a permanent change in society's perception of welfare. The Family Investment System would force welfare to become a program of temporary assistance, rather than a dependent way of life.

## Background: Maryland's Welfare Policy History

Despite minor revisions over the years, Aid for Dependent Children remains essentially unchanged from its original 1935 design. Circumstances — and the population served — have changed.

In Maryland, early social welfare policy followed the English model. As early as 1650, the Legislature authorized counties to levy a tax to help “the maimed, lame, and blind”. In 1658, they created the Orphan’s Court to preserve the estates of orphans. If there was insufficient income from the estate, however, children could be bound to a period of indentured servitude.

Following the example of welfare reform in England, there arose a great faith in institutions to solve the problem of poverty. The Legislature passed laws that permitted the establishment of the first almshouse in 1768. Inmates of the almshouse wore the letter “P” (for pauper) on their clothes. Provision of assistance in an almshouse — or later the ambulatory ward of a general public hospital — continued until the 1940’s.

From 1849 through 1900, Maryland experienced the rise of “scientific charity.” The Baltimore Charity Organization, founded in 1881, provided a central master file of assistance cases to prevent recipients from receiving duplicate services. This group opposed fixed pensions because it failed to consider changing circumstances. They believed an investigation was necessary to prove continued eligibility and they developed the “friendly visitor” who helped the recipient create a plan for improving their circumstances.

Throughout this period, social policy was a local and private enterprise. In 1900, the Legislature created the State Board of Charities, whose primary function was to recommend funding for private agencies that handled social welfare.

In 1916, the Legislature enacted Mother’s Pensions for children under 14. A determination of need was required before assistance was considered. These pensions, however, were not entitlements as we know them today; there were not enough funds to provide for all acceptable applicants. Recipients were chosen arbitrarily from the pool of eligible.

Maryland Since 1935 The Great Depression signalled the beginning of an era of great economic change. It marked the beginning of major federal and state involvement in what had previously been a largely local effort. The Social Security Act of 1935 launched a wide variety of social welfare programs. Among these were unemployment insurance, retirement insurance that evolved into Social Security, the Supplemental Security Income Program, and a program that, in 1961, became Aid to Families with Dependent Children.

In the ensuing years, AFDC saw significant legislative, executive and judicial change and expansion. In 1961, changes allowed eligibility for certain unemployed fathers so that families would not have to break up in order to receive assistance. This was a state-optional program; Maryland exercised this option from the time it was made available.

In 1969, House Resolution 1 proposed the most sweeping Welfare Reform since

the Social Security Act of 1935. Provisions passed moving the federal adult welfare programs into the Supplemental Security Income program.

The Family Support Act, the most recent major federal legislative attempt at welfare reform, was passed in 1988 and stressed mutual obligation for the state and recipient. It increased work and training requirements, placed even more emphasis on child support collections, made the previously optional program for two parent families mandatory for all states, and provided for transitional Medical Assistance and Child Care benefits for up to 12 months after a recipient finds employment and leaves AFDC.

A Changing Population AFDC rules require that, to be eligible, children must be deprived of parental support due to a parent's death, incapacitation, unemployment, or continued absence from the home.

When the AFDC program first began in the 1930's, the most common reason for deprivation was a parent's death. At that time, single-parent families rarely applied for AFDC because a child's parents had not married. This situation has changed — nationally and in Maryland. By the end of the 1980's, few children (two percent) received AFDC because a parent had died. Instead, the single most common deprivation factor was lack of marriage (and thus financial support) between the child's parents. Today, more than half of all AFDC cases in the United States — and in Maryland — involve children whose parents never married. Among first-time AFDC cases, this figure is at least 60 percent.

The typical welfare family does not enter AFDC forever. As of the fall of 1992, about one-third of all cases (32 percent) had been open for less than one year and about one-fifth (22 percent) had been open between one and two years. This figure does not include people who have received assistance in the past and are returning. At the other extreme, 17.6 percent of cases — not quite one case in five — had been receiving welfare, without interruption, for five years or more.

In fact, there are two distinct subgroups within Maryland's AFDC population. There are episodic or short-term users — those who may enter the program more than once, but do so for relatively short periods of time; and long-term recipients, families who come onto the AFDC rolls and remain there without interruption for five or ten years or longer.

There are some factors that seem to increase the risk that AFDC households will become long-term welfare recipients:

- being a second generation teenage mother;
- having an education below the high school level;
- becoming an unwed mother;
- having limited full-time work experience;
- having three or more children.

Waiver Based Welfare Reform in the States A number of states have initiated welfare reform through federal waivers. Current law permits states options spelled out in an AFDC state plan. State plans must be approved by the federal government and must include research and demonstration projects.



For AFDC, the Secretary of Health and Human Services has broad authority to approve projects outside current law. These waiver pilot projects are time limited (lasting from 3-5 years) and may not be implemented statewide. A rigorous evaluation process is required and demonstration projects must be cost neutral; excess costs must be fully absorbed by the state.

The Primary Prevention Initiative In 1992, Maryland began operating a major project under a federal waiver: the Primary Prevention Initiative. Its goal is to prevent long term dependency by promoting preventive health care and school attendance. This effort is part of a broad approach to encourage cooperation among state agencies. In the case of PPI, the Department of Human Resources' major partners are the Department of Health and Mental Hygiene and the Maryland State Department of Education. Maryland was the first state to promote preventive health care, immunization and school attendance through the

AFDC program and only the second to initiate a welfare reform project under the most recent federal waiver guidelines.

Since implementation began in July, 1992, clients have been informed that their pre-school children must get preventive health care and school aged children must attend school at least 80 percent of the time. After January 1, 1993, a \$25.00 per child per month disallowance became effective for those families who do not fulfill program requirements. There are also incentives: a \$20.00 payment once a year for each adult and school aged child who gets an annual checkup and a \$14.00 monthly payment for pregnant recipients who seek proper prenatal care.

DHR provides an array of supportive services to persons who have difficulty meeting requirements and ask for help. These include "New Choices," a one-day problem-solving workshop, and targeted care management services for a period of three months.

## A Proposed Solution: The Family Investment System

Maryland is fortunate to be operating in a climate of interagency innovation. For example, the state Department of Education is moving aggressively to improve performance and accountability of local schools under the banner of "success for all students." The state Department of Health and Mental Hygiene has been creative in developing community-based health programs and in seeking medicaid waivers to extend health benefits to cover more children for longer periods. The Department of Economic and Employment Development is aggressively developing incentives to attract and retain jobs in Maryland — and to train the state's workforce for such jobs. The Department of Housing and Community Development is creating new programs to increase affordable housing. The Subcabinet for Children, Youth and Families is working to develop a seamless system of services for Maryland's at-risk children. As demonstrated by the Service Reform Initiative, the focus is on prevention, early intervention and family preservation.

It is within this climate of innovation that this proposal for a new Family Investment System is put forth. The commission recognizes the need for a public assistance system that will encourage self-reliance, reward work, reduce poverty, improve family stability, enhance the environment in which children are raised, and increase self-esteem and self-sufficiency. Such a program should combine incentives with conditions of participation that will encourage performance and personal responsibility.

Children from these affected families must be protected whether or not their parents behave responsibly. The challenge is to accomplish this within the boundaries of available resources.

Changing the way the welfare system has historically worked will not by itself improve family life, enhance children's prospects for a better life, reduce poverty, or increase self-sufficiency. The commission recognizes that the interdependence of many other factors and systems must play critical roles in helping achieve these goals.

The Family Investment System, however, would shift responsibility for support from the state to the individual participant and provide the tools needed to achieve success. While the program would provide immediate, temporary income support, its goal is to move participants into employment by helping them develop or improve work skills.

The proposal would:

- eliminate unconditional income maintenance;
- build a transitional service system, emphasizing work, with cash incentives for education and job training;
- make education, skills training or entry-level employment a condition of continued eligibility;
- solicit private sector participation in providing jobs;
- emphasize the responsibility shared by both parents for their children;
- require DHR staff to stress jobs and family self-sufficiency;
- underscore protection of affected children during the reform process;
- build interagency cooperation.



## How the Program Would Work

The FIS would begin with a new screening process requiring participants to begin immediate life skills/job search activities. Those not quickly employed would receive a specialized assessment to help identify barriers impeding success.

A formal contract — a Family Service Agreement — would be forged between the state and the participant, clearly defining the responsibilities of each on the road to self-sufficiency.

An integral part of the program are incentives like those that could be provided by the Earned Income Tax Credit and job incentive and training incentive bonus programs. The FIS would help make employment more financially rewarding than benefits received under public assistance alone.

The FIS recognizes that different circumstances require different solutions. The overall goal of the program, however, would be to help people find jobs and achieve family self-sufficiency. To achieve this goal, the program would require increasing obligations over time for continued eligibility.

Common elements will provide continuity throughout all phases of the program including:

- a Family Service Agreement
- activities promoting employment
- extensive use of the federal and state Earned Income Tax Credit programs
- an aggressive and progressive corrective action system

- home intervention to protect children when parents are noncompliant
- time-limited developmental activities followed by mandatory community service

## A Single Need Service

Many participants may need only a single service to reestablish self-sufficiency. They would be eligible to request funds to cover a necessary onetime expense. This means-tested request could cover, for example, emergency car repair, but should not exceed the amount of three-months' AFDC, capped at the three-member-family level. Like an advance, receipt of this grant would be debited *pro rata* against the participant's account in the event they reenter the system within six months.

## Activities Promoting Employment

Upon entry into the Family Investment System, participants would receive an initial screening by an assigned caseworker. Each person would immediately be required to participate in job-search activities, such as life skills training and job clubs. Those not immediately successful in finding employment would be assessed so that barriers to employment could be identified and removed.

It is anticipated that as many as 20 percent of participants might well be successful in finding work during the initial phase of the program. The labor market would serve as an initial screen. People able to get jobs sufficient to support a family (approximately \$6.00/hour), and requiring a mini-

mum of assistance, would move quickly out of the program. A suspense category for participants finding jobs would allow their medical and child care benefits to continue during a period of initial job adjustment. In the event a job is lost — through no fault of the participant — cash assistance could be reinstated with a minimum of administrative hassle and cost.

Those not immediately successful in finding employment would be required to participate in developmental activities promoting employment. This represents a similar but more intensive version of the current Project Independence. To the extent resources are available — and a waiver is granted — fathers would be encouraged to participate in these activities, as well. This would help increase their employability and improve their potential for honoring child support obligations. These activities should be coordinated through the state's Department of Economic and Employment Development. Throughout this period, skills training would be interspersed with participation in job clubs, work experience and other activities designed to lead to employment. Under this proposal, developmental training would not exceed a period of eighteen months.

Recognizing that keeping a job is sometimes as difficult as getting a job, program staff, with the help of community resources, would develop a range of counseling supports. These could include small support groups of newly-employed participants who would be encouraged to share with one another job experiences, frustrations and newly-acquired coping skills.

Participants still unemployed at the conclusion of developmental training would

be required to work in community service jobs or participate in other mandatory work options. Community service jobs would not include any incentive bonuses.

## The Teen Parent Challenge

Upon intake, teen mothers would automatically be referred to a service case manager. This population has the greatest likelihood of becoming permanently dependent on welfare. Early intervention is needed to avoid this costly and tragic consequence.

Under existing state policy, teen mothers remain on their mother's grant only as long as they live together. The commission believes that underage mothers should *always* be assigned a designated payee — a responsible adult who would receive and administer the grant — regardless of living arrangements.

The commission recommends that Family Investment System requirements for teen parents focus on *preventing* their entry into a life dependent on welfare. In order to remain eligible for program participation, they would be required to:

- establish paternity, to the extent possible;
- remain in school or other educational activities until graduation;
- participate in prenatal and postnatal care programs that emphasizes family planning and preventive health care for their children;
- participate in life options skills training.

In addition, the commission recommends that the FIS provide teen parents with intensive case managers to assure that they and their children have ready access to:

- day care and support programs, such as Maryland's Tomorrow and the Summer Youth Employment Program;
- in-home community visiting programs that focus on connecting families with family planning and preventive health care for both parents and children;
- family support centers; appropriate mental health and substance abuse programs, as needed.

The commission recommends that the Department of Education, the Department of Health and Mental Hygiene, and the Governor's Council on Adolescent Pregnancy take leadership roles in developing and funding educational and counseling programs aimed at preventing teen pregnancies. These programs should include:

- school-linked health clinics;
- education-based programs that focus on family life or sex education, life skills training, and parent-child communication programs;
- contraceptive services;
- life-enhancing options, such as vocational training, mentoring, and economic incentive programs.

The commission recommends that a statewide system be developed to identify the number of teen parents. In addition, pregnant teens should be tracked so that they may be provided services beginning at the birth of their *first* child.

## Health Care Benefits

The need for health care benefits has been cited as a reason individuals enter the welfare system and as a major barrier to their leaving it. Therefore, the commission recommends that:

- transitional health care benefits cover all people who leave AFDC for up to two years, when not provided by an employer;
- the Maryland Kids Count program extend coverage to young people through age 19;
- all individuals with substance abuse problems be required to get treatment. These individuals should receive sanctions for noncompliance, but not for relapse. The FIS should also encourage appropriate individuals to attend Alcoholics Anonymous and Narcotics Anonymous while waiting for treatment availability;
- the state seek additional funding for substance abuse treatment by requesting a Medicaid waiver and by applying for funding as a federal demonstration project;
- the state eliminate current restrictive budget language so that state-funded abortions are allowed for Medicaid recipients, giving poor women equal access to this medical procedure.

## An Aggressive Corrective Action System

The commission agrees upon the need for an effective and fair system of corrective sanctions to assure full compliance with program requirements. Several different options were examined in the course of the panel's deliberations, although no single option received the support of a majority of commissioners.

There are, however, common elements regarding sanctions upon which the commission was able to reach consensus. They are:

- the sanction amount should be a flat fee;
- the results of a study by DHR concerning the success of the PI and PPI programs — both of which include monetary sanctions — should be taken into consideration in planning future corrective action plans;
- intervention must occur by the second month of sanctions to determine the cause of noncompliance;
- decisive action of some type must be taken following six months of consecutive noncompliance.

After a client has refused to comply with the conditions of the Family Service Agreement for six consecutive months, the team of caseworkers serving the family — including the Services Case Manager — should evaluate the family's situation and recommend additional steps. These steps could include:

- continued counselling with no change to the family's benefit;
- declaring the client incapacitated and referring her to SSI;
- designation of a protective payee to receive and administer children's full benefits;
- referring the case to Child Protective Services to determine the need for additional action;
- total termination of benefits, if it is determined that such action would not jeopardize children.

The commission believes that in no instance should children be removed from their home and placed in foster care without a complaint first being filed with Child Protective Services. CPS should then use existing standards to decide if the affected children's safety requires their being removed.

## Ensuring the Safety of Children

A major area of concern to the commission is making sure children are protected should their parents refuse to comply with FIS program requirements. A system of frequent and early intervention is critical in attempting to keep families together. If it is determined, however, that the parent or guardian is either abusive or neglectful, the children must immediately be removed from circumstances threatening imminent harm.

Maryland, like other states, wrestles with determining when it should become necessary to remove children from their homes. Risks exist in either moving too quickly or not moving quickly enough. Agencies should concentrate major effort toward reducing the numbers of children in physical or emotional jeopardy and also on facilitating permanent, safe homes for them.

Therefore, the commission recommends revamping and enhancing Family Preservation Services, as well as the foster care and adoptions systems, through the following changes:

- enhance family preservation efforts by creating permanent staff positions instead of contractual spots;
- upgrade family preservation in-home-aid positions to better serve these families;
- create additional family preservation teams to ensure that every effort is made to keep the family together whenever appropriate;
- add Child Protective Services investigators to ensure immediate removal of at-risk children;
- create evaluation teams to oversee termination of parental rights and ur-

- gently seek the best possible permanent placement of children;
- create additional positions for adoption workers and attorneys to facilitate permanent families for children;
- enhance adoption recruiting public relations efforts;
- reduce the length of time a child stays in temporary foster care;
- facilitate the process allowing extended family placements to become permanent adoption homes;
- enhance minority adoption recruitment efforts and home studies through privatization;
- increase staff education, including cultural competency training;
- automate antiquated systems for easy access to information;
- seek legislative changes to create the best family preservation system and the fastest system of permanent placement for children in the state's custody.

These objectives are critical to minimizing the damage inflicted upon children. Maryland's children are key to its future; programs designed to prevent harm to them will cost money. It is the commission's opinion, however, that if these changes are not made, future costs will continue to grow at unprecedented rates.

The state will pay economically for the results of emotional abuse suffered by children. Many within our current prison population report having been abused as children. The emotional scars caused by traumatic childhood events will rob our society of some of its brightest hopes for the future. Finally, it has been shown that many of the health care problems suffered by children are grounded in the tragedy of poverty.

## Program Implementation

To assure reform while protecting the well-being of affected children, program elements should be accomplished over a period of two years. The plan could be implemented initially in at least three pilot sites, but pieces of it could be executed state wide before the completion of the pilot. Adjustments to program plans could then be made, based upon experience gained and labor market conditions, prior to state-wide implementation.

The commission recommends that services be provided through community-based resource centers. The centers should be staffed by interagency teams assembled from the Department of Social Services; the Department of Health; Department of Education; the Department of Juvenile Services; and the Department of Economic and Employment Development. On-site job clubs, parenting education and temporary child care counseling services would also enhance the chances of success for these centers and the participants with whom they work.

## A Rigorous Evaluation

Social policy planning and program management require that a way to evaluate the results of the FIS be built into its design. There must be an objective demonstration of the program's goals and a clear measure of whether those goals are met.

The FIS will have to operate under a series of waivers from the federal government. Details concerning evaluation are required as an integral part of any waiver request package. Changes in the specifics of the FIS evaluation design would also be



a part of the federal approval process. The following are the general characteristics of approved waivers, including Maryland's Primary Prevention Initiative:

- An independent evaluation. This is typically a university or a private research contractor.
- Experimental design. While there are many acceptable strategies, two are most common. The first is the "matched office" design where approximately the same offices are matched. The new program is implemented in one. The other continues as before. The more powerful design is the random assignment of individuals from within the same site to the group that experiences the new program (experimental) or the group that continues under the old program (control).
- Specification of expected outcomes.
- Data Collection. The program plan would have to spell out what data are important, and how the evaluator will collect that data and over what time period.
- Data Analysis. Testing results against expected outcomes.
- Periodic, written evaluation reports.

This rigorous evaluation process would assure that all parties have adequate information on which to judge the progress and effectiveness of the FIS. It would also provide valuable information to make "mid-course" corrections if necessary.

## Differences: Proposal vs. the Current System

From its very start to its end, the proposal is different from the present welfare system. It proposes an interagency service center, with job-seeking activities going on right next to eligibility determination.

The application interview would still have to determine *why* the family is eligible. It would still take steps to prevent fraudulent or erroneous payments. The focus, however, would quickly shift from why a person is dependent to an initial assessment of strengths to facilitate moving clients up and out of the system.

Activities that are now relegated toward the end of the eligibility interview would be moved to center stage in the development of a self-sufficiency plan in which the recipient would participate. It should still require that child support be assigned to the state as an offset against any benefits paid and require the full cooperation of the recipient in finding absent parents, securing court orders, and enforcing the collection of support. This would be done, however, by marketing to the recipient the absolute advantage that an established and collected support order would have for the family at the end of this process. The commission is also proposing a wide array of support enforcement measures that would help insure the place of child support in the recipient's self-sufficiency plan.

The FIS would make activities promoting employment a requirement for all, not just for some as now. It is recommended that every able-bodied recipient with children over three months of age be required to participate in job search activities from the

very beginning of the process. Like PPI, this program should continue the requirements that children get preventive care and go to school.

Six-month redeterminations would become reassessments. More income might lower the grant amounts less in some cases. Additional children in the family would not necessarily raise the grant amount.

The job of the new economic services worker would also change dramatically. The job would still involve making determinations of eligibility and issuing benefits in proper amounts, but not as an end unto itself. Benefits would become the necessary and temporary scaffolding within which the recipient could build a unique plan for self-sufficiency. The worker's new role would become helping the recipient get a job. They would become a key member of an interagency and interdisciplinary team whose effort is geared toward insuring that the best time-limited welfare system is one where no one reaches the end of the time-limit.

This proposal is most different from the current system because it has a definable end. At the end of 18 months, a still-unemployed but nondisabled recipient should continue to receive a benefit only by working in a community service job, funded at the original grant level. Unlimited Income Maintenance, without the expectation of the return of some service to the community of citizens and taxpayers that provide it, would cease to exist.

Other differences between FIS and the present system include:

- cash benefit amounts would be based on family size within 10 months of intake and will remain fixed, except in cases of rape or incest;
- clients would be allowed to maintain savings accounts without affecting benefit amounts;
- proactive monitoring to identify and counsel those not meeting program responsibilities;
- clients would be allowed ownership of an automobile with a maximum equity value of \$7,500 to assure adequate transportation;
- parenting education and family planning would be made readily available;
- establishment of paternity, whenever possible, would be a requirement of program participation.

## Spending Money Wisely

The Family Investment System must balance program needs with available resources. No proposed program is practical if its budget doesn't directly take into account available resources. As in a family budget, spending priorities must be made in accordance with the checkbook.

This program's goal of remaining within available resources takes into account that many of the services it proposes already exist under the auspices of other agencies. The development of interagency teams to work from community-based resource centers would be essential to meeting this goal. The report's section on recommended program implementation raises additional points on this issue.

Among elements that could contribute to the cost-effectiveness of the FIS are:

- Project Independence staff and resources should form the core of the new inter-agency teams;
- job training and search activities should be coordinated and funded under programs already in existence within DHR and DEED;
- welfare mothers, whenever appropriate, could be trained to become child care providers as a vehicle toward independence;
- participants could earn income by providing social services to the mentally challenged, crack babies, persons living with AIDS, and others exhibiting a growing need for state assistance;
- existing, federally-funded programs — such as Head Start — could provide on-the-job training, combining service with transferable training;
- state-of-the-art office automation equipment would allow state staff to work more efficiently, accurately tracking client caseloads and maximizing return on investment.

## Putting Children First

While the Family Investment System proposes to move welfare mothers toward financial independence and encourage fathers to do the same, it must also preserve family integrity and safeguard the well-being of children. This dual purpose poses, perhaps, its greatest challenge.

To fulfill the work/job training requirements recommended under the Family Investment System, AFDC mothers would require quality child day care services. Effective day care for this population should:

- be flexible enough to fit the parents' schedule;
- be developmentally appropriate to the child;
- focus on the comprehensive needs of the child as well as the parent.

Quality child day care should be available on a sliding fee scale to all families who need it. Such a system would remove the incentive for the working poor to seek child care assistance through welfare.

## Client Safeguards

The commission recognizes that there are individuals for whom the program would not work. A depressed job market or severe educational and job-skill deficiencies could cause some failures; others might continue attempts to exploit the system to escape personal responsibility. Great care should be taken to accurately differentiate those who are trying from those who are not. In all cases, however, the safety and well-being of client children should remain a significant priority of the Family Investment System



Children should remain with and be supported by their parents, when possible. The Family Investment System would strive to facilitate this through early identification of dysfunctional families, followed by immediate intervention.

A participant might be assigned to a caseworker at any time during the program if:

- they become penalized for two consecutive months after failing to fulfill the terms of the Family Service Agreement;
- they demonstrate a pattern of four nonconsecutive penalties within a one year period;
- any of the interagency caseworkers identify a significant need.

If the caseworker should determine that there are signs of neglect or abuse, they would file a complaint with Child Protective Services.

## Encouraging Two-Parent Families

Self-sufficiency, for both individuals and children, is best achieved within the context of the two-parent family. The commission believes the Family Investment System should strongly encourage this and recommends that the state:

- abolish the 100 hour work rule and recent quarters of coverage requirements for AFDC-UP;
- eliminate AFDC-UP policy inconsistencies between unemployed mothers and fathers;
- revamp Maryland's EITC to allow refundable periodic payments, either weekly or bi-weekly;
- allow all fathers to participate in any available training program through the SDAs, whether living with their families or not;
- give priority for JTPA out-of-school job training to young fathers who are under twenty-two-years of age and have completed school;
- encourage men to take advantage of job training to enhance their employability;
- develop policies to encourage fathers to remain or reunite with their families. AFDC applicants who have recently separated from the fathers of their children should likewise be encouraged to reunite, if at all feasible.

## Teen Pregnancy: A Pressing Problem

The association between teenage child-bearing and receipt of AFDC is a well-documented one. Fifty-nine percent of all women receiving AFDC were teenagers at the birth of their first child.<sup>1</sup> The Congressional Budget Office found that nearly half of all teen mothers and over three fourths of unmarried teen mothers receive AFDC at some point within the first five years of giving birth.<sup>2</sup>

One of every three mother-only families newly-enrolled in AFDC in Maryland is headed by a teenage mother who reports a child born as result of an unplanned pregnancy. At least half of all first-time AFDC recipients are second generation teenage mothers.<sup>3</sup>

The need for child care must also be considered in relation to welfare reform. In 1969, about three-fifths of all children on AFDC were of elementary or junior high school age. Some 37 percent were preschoolers and fewer than 10 percent were aged 16 to 18. The proportion of preschoolers has increased. Among new entrants, three of every four children are preschoolers (74 percent) and more than half (56 percent) are under the age of three.

Since issuing its interim report, the commission has revisited this issue and makes recommendation in three broad areas:

### 1. Primary Prevention

**Broaden the Community Incentive Grants program of the Governor's Council on Adolescent Pregnancy.** These are currently funded at \$250,000. Present funding allows only low-level grants (\$30,000 to \$50,000) for five or six programs. GCAP received over 30 applications totalling over \$1 million when grants were last made available. Funding should be increased.

**Increase grants to community coalitions.** Current funding for grants to community coalitions on teen pregnancy prevention and parenting is limited to \$2,000 per year per jurisdiction.

**Strengthen COMAR 13A.04.18.** Maryland law should be revised to allow the teaching of family life topics in state classrooms. Health issues should be taught by certified health educators. Curriculum that have proven effective in postponing the initiation of sexual intercourse among adolescents -- such as "Preventing Sexual Involvement" (middle school) and "Reducing the Risk" (middle and high school) -- should be made available in larger areas of the state.

### 2. Enhanced Education and Employment Programs for Parenting Teens

**Encourage remaining in or returning to school.**

**Increase the availability of school-based child care.** Only six school-based day care centers to care for the children of adolescent parents exist in the state. More are needed. Federal block grants are available for start-up costs for such centers. Through Purchase of Care funds, school-based day care centers can become self-sufficient.

**Provide scholarships for higher education or trade schools for teen parents.** One such program in New York guarantees acceptance of teen parents who graduate from high school (or receive a GED) to a city college. Northwestern High, in Prince George's County, offers a \$500 scholarship provided by local organizations to a graduating teen parent. Maryland needs to adopt similar programs.

**Increase funding for the model parenting programs provided by DHR through Family Support Centers.** In addition, the state could fund a similar program that mandates employment and offers training, placement and support opportunities.

**Expand school-based parenting programs.** Maryland needs greater depth and larger numbers of these programs.

### **3. Preventing Second Pregnancies**

**Expand school-based health centers to improve overall adolescent health.**

**Extend family planning coverage under Medicaid to 24 months, from the federal level of 60 days.**

**Expand funding for innovative service models and expanded locations of family planning clinics for adolescents.** Use as a model the Healthy Teens and Young Adults clinics in Baltimore City, Prince George's and Anne Arundel counties.

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#### **Notes:**

<sup>1</sup>Kristin Moore, Facts at a Glance 1990, Washington D.C.: Child Trends.

<sup>2</sup>Congressional Budget Office, Sources of Support for Adolescent Mothers, Washington, D.C.: Congressional Budget Office, September, 1990: 62.

<sup>3</sup>Catherine E. Born, First-Time Maryland AFDC Payees: The Incidence and Correlates of Chronic Dependency, Baltimore: University of Maryland School of Social Work, Winter, 1993.

## Other Strategies: Moving from Welfare to Work

During its deliberations, one of the strategies the commission considered was one commonly called "fill-the-gap." In the simplest of terms, these are programs that attempt to make up the difference between the AFDC "standard of need" and the client's earnings. Programs vary by the percentage of the gap filled and by amounts of earnings that are taxable.

Some believe this strategy provides an incentive to work. And because it increases the recipient's income, it could help move people out of poverty.

Eleven states have been granted federal waivers and are piloting fill-the-gap strategies. While the results are not consistent across all states, the University of Baltimore found that a number of states reported substantial increases in caseload size once they implemented a fill-the-gap approach, due to an increased number of applicants who became newly eligible. The researchers found that those states not reporting increases usually have lower "standards of need."

While UB's research focused on changes in caseload size, they found little information on the impact of fill-the-gap on caseload cost. If the number of cases increase, but many recipients are working and receiving only partial grants, the total AFDC cost could be less under fill-the-gap. Figure 1 (Appendix A) provides an example of this.

An alternative strategy presented to the commission would limit increases in caseload size and cost, provide a greater incentive for employment, and help move families out of poverty through employment. The approach is substantially different from existing approaches in the following ways:

- A two-tier standard of need is used. One is used for applicants based on the current standard, and a higher one is used for recipients.
- The higher standard of need is based on the minimum living standard (the minimum the state says you need to live), rather than a contrived standard of need.
- All real income is counted when determining the client's gap. This includes food stamps and earned income tax credit.

Some commissioners believe there are several advantages to this approach. First, the two-tier standard of need would minimize the number of new people qualifying for assistance, controlling the increase in caseload. Second, having the higher level based on real need would provide more incentive than the current system. Given Maryland's present stand of need of \$507, there is little incentive for a client to work. Third, the higher standards eliminate many of the "cliffing" problems that cause clients to fall back into poverty. Finally, the approach maximizes all the financial resources available to the client.

A chart showing the potential impact on such a fill-the-gap system on AFDC payments and client incomes is included (Appendix A). If caseload increases are reasonable, this method could provide the best opportunity to control AFDC costs while moving clients out of poverty.

The commission suggests additional consideration of higher disregards and work expense deductions (*e.g.* permitting the recipient to earn more money before grant

reduction). Currently, after four months, the client is allowed to disregard only \$30 of their earning per month. The remainder is deducted from their grant. The standard work expense deduction, which is supposed to cover the cost of transportation, lunches, work clothing, etc., is \$90. The amount of the deduction has not changed in over a dozen years. This deduction should either be based on actual cost, or, for simplicity, be similar to that used in the food stamp program. That amount is 20 percent of gross earnings.

In addition, Maryland's Earned Income Tax Credit should be redefined to permit refundability. Most working poor are well below the income level where the credit could provide any benefit. Making it refundable — like the federal credit — would assist those most in need.

All these strategies deserve additional study. The commission believes careful consideration should be given to a combination of strategies using, perhaps, fill-the-gap, EITC, and income disregards to encourage work and reduce poverty.

## Children Need Support from Two Parents

If there is one point on which all parties to the commission's work have agreed, it is this: children have a right to be supported by both of their parents. Yet last year in Maryland alone, absent parents defaulted on more than \$325 million in court-ordered child support. While, in that same year, \$228 million in support was collected through enforcement, it is clear that much more needs to be done. Our state's child support program must be given greater emphasis. It must be given more tools with which to aggressively establish paternity and pursue support for all Maryland's children, but especially those who are AFDC recipients.

There are many things the commission believes can and should be done. Most will require the approval of the General Assembly. The commission strongly urges the General Assembly to give the proposals serious consideration during the 1995 session.

Among the reforms the commission recommended in its interim report and continue to strongly endorse are:

- computer matches between obligors and major employers
- computer matches between obligors and utilities
- W-4 program cooperation with federal government
- denial or revocation of professional, DNR, or drivers licenses
- denial of motor vehicle transfer

Certain of these measures may seem harsh, but it must be remembered that they would only apply to absent parents who have willfully failed to pay court-ordered support for their children. Each of these measures have been used successfully in other states.

These tools alone, however, are not enough. The commission continues to believe an effective child support system is like a three-legged stool: all three legs are necessary to insure the integrity of the structure. In addition to enforcement tools, the child support enforcement program requires:

- adequate resources to perform the child support task;
- and efficiency in administrative operations.

As with every debt collection system, child support enforcement efforts will someday reach a point of diminishing returns, but we are far from that point today. Other states have found that resources added to their child support programs have resulted in increased collections. We have every reason to believe that this would also be true in Maryland.

The current system must be streamlined. It must become more cost-effective. Legislation that permits the use of administrative processes is, perhaps, one of the first important steps that could be taken toward this goal. Two components are critical:

- permit the child support program to establish and enforce support orders administratively in cases where all parties consent;
- and implement an administrative process at the local level that would costs have decreased. Strain on the overburdened court system has been eased and, as a consequence, the process has been expedited.

It is important to recognize that the individuals for whom child support is intended are children. They are often desperately in need of this direct benefit to assure their well-being. The indirect benefit of an efficient and successful child support program will be heightened responsibility for parents and a more positive family environment.



## Putting an End to Red Tape

In addition to the more sweeping recommendations made in its interim report, the commission believes that changes that would simplify the delivery of services by local and state governments are necessary. In their attempt to address the problems of poverty, the efforts of policy-makers, advocates and legislators have resulted in no fewer than 95 categorical, means-tested programs. This scattered system distributes its benefits inequitably and administers its programs inefficiently.

At a time when Maryland must maximize scarce resources, it is vital that the state seek all available means, including the request of federal waivers, to streamline program operations. The desire for simplification and clarity was expressed time and time again during numerous public forums held by the commission.

All the commission's recommendations focus on mutual expectation and responsibility. Everyone involved in the process must work together to encourage families to maximize their potential for self-sufficiency. Programs should be user-friendly. They should also be coordinated, efficient, manageable and cost-effective. Staff should be professional, polite and helpful.

There are several areas in which the commission believes Maryland needs to improve.

Measurement of success The state needs to develop clear program goals, coupled with tools with which to measure how well — or poorly — these goals are being met. The number of families that move off welfare and toward more independent living is a fundamental measurement of how well programs are working. Achievements in skills development, education, personal development and employment are all standards by which such measurements should be made. Staff and client must be held mutually accountable for successes or failures in each of these areas.

Simplification of paperwork All forms used in processing clients should be reviewed regularly to assure that they are necessary and understandable. The commission recognizes that such recent reviews by the department resulted in the elimination of some forms and the revision of others. We commend these efforts, but believe such efforts must be on-going. The commission believes that to be most universally understood, all documents and forms should be written to between a fifth to eighth grade literacy level.



Clarity of information If clients don't understand information provided them, it cannot serve them well. Application and redetermination processes should not be viewed as occasions for "data collection," but as opportunities to enhance their relationships with clients. Doing so will enable workers to better understand clients' needs, their hopes and concerns. It will also enable them to more fully explain the state's programs and procedures. As the state moves toward implementing an integrated computer system, this human touch will become more important than ever.

The recertification process should be simplified. Notices and procedures should be standardized, review periods should be conducted at least annually, and only information that changes should be entered.

The dissemination of information need not be limited to the traditional printed page. The use of audio/visual aids, such as colorful flow charts or video taped presentation, would greatly improve comprehension of policies, procedures, rights and responsibilities for non-English speaking or illiterate clients.

Making services "user friendly" The commission believes that local departments of social services must do a better job of keeping others informed on policy matters related to the delivery of service to clients. This information is vital not only to other agencies of state and local government, but to other community-based service providers, as well. If all parties understand their respective obligations and rights, errors in communications can be minimized.

Some local offices have adopted evening hours to accommodate client needs. The schedules of local offices should take into account the schedules and routines of their clients, and should be subject to periodic review. The commission commends this flexibility and hopes that it will become the rule, rather than the exception.

Adequate and appropriate staffing The commission recommends that DHR take steps to insure that all staff (both at headquarters and at the local offices of social services) be adequately trained. Job descriptions should be thorough, and require education and experience appropriate to the task. Employees should be fairly compensated. They should be rewarded when families and individuals on their caseloads meet mutually determined goals.

In addition, frontline workers should be supported by automated systems, and need to be provided a work environment that is both conducive to professionalism and that provides privacy for clients.

#### Coordination with federal programs

Some problems arise from conflicting federal policies among programs that serve poor and low-income people. A number of substantive recommendations have been made by the federal administration, and the commission wishes to add its support to many of these. Among them are:

- simplification of monthly reporting requirements; establishment of uniform methods for budgeting income;
- streamlining earned income deductions between programs (*e.g.* AFDC and Food Stamps);
- and standardization of treatment of financial resources, such as child support bonus and energy assistance payment disregards.

The commission urges the Maryland congressional delegation to support proposals for simplification in the emerging federal welfare reform policy. Inclusion of the recommendations of the American Public Welfare Association Task Force on Program Coordination would go far toward creating good, coordinated policy.

## Conclusion: Why the FIS Could Work

As time spent on welfare rolls decreases, the state would recapture resources for reinvestment in child welfare; education, training and work experience activities; and job creation for greater numbers of people.

The most important contribution the Family Investment System could make, however, is a permanent and significant change in the way society perceives welfare. The Family Investment System would force welfare to become a program of temporary assistance, rather than a dependent way of life. Rather than seeking ways to get people off welfare rolls, the FIS would work to prevent people from becoming welfare statistics in the first place.

People who have been trapped in a dehumanizing cycle of poverty would begin to understand that work brings with it rewards, both financial and emotional. Their small successes would inspire successes for others. Welfare could, at last, work.

## Appendix A

## Fill-the-Gap Charts

		Avg.	Annual
		Gap	Total
Pre-1980 Gap	25,000	Time	\$124,000,000
Pre-1980			
Regular AFDC	75,000	Time	\$333,700,000
Employed AFDC wage payments	1,000	Time	\$2,764,000
Total	94,000		\$336,464,000
Discretion	4,000		(\$14,284,000)

In this example, even though the workload increased by five percent, the total cost of AFDC benefits was almost \$1.5 million lower. (Note: the \$29 gross amount for those with gap payments is based on the calculation of a client working 34 hours a week at \$1.00 per hour job, as shown in the attached chart.) Further research on the impact of fill-the-gap programs on AFDC cost is needed.

Figure 1

	Cases	Avg. Grant	Annual Total
Pre Fill-the-Gap	80,000	\$366	\$351,360,000
Post Fill-the-Gap			
Regular AFDC	76,000	\$366	\$333,792,000
Employed AFDC w/gap payments	8,000	\$29	\$2,784,000
Totals	84,000		\$336,476,000
Difference	4,000		(\$14,884,000)

In this example, even though the caseload increased by five percent, the total cost of AFDC benefits was almost \$15 million lower. (Note: the \$29 grant amount for those with gap payments is based on the calculation of a client working 24 hours a week at a \$5.00 per hour job, as shown on the attached chart.) Further research on the impact of fill-the-gap programs on AFDC cost is needed.

**Figure 2**

1. Total Earnings equals wage times hours times 4.3 weeks.

3. Countable Earnings equals total earnings minus the standard deduction.

3. Food Stamps maximum of \$292 for family of three, adjusted downward on a 1 for 3 basis as net income goes up.

3. JIB Payment equals 50% of the difference between Total Income and Wages.

10. Total Benefit cost equals the sum of AFDC Grant and IIR

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## Appendix B

## Minority Report

## MINORITY REPORT

### Governor's Commission on Welfare Policy

Following a year and one-half of study and reflection by the Governor's Commission, there emerged what appeared to be unanimous agreement regarding the need for change in our current welfare system, and a set of objectives that would guide a reform effort.

The subsequent development of such a reform proposal, known as the Family Investment System (F.I.S.), contained some important and valuable recommendations, but in the eyes of some, failed in significant ways to adequately address the Commission's objectives.

The Human Resource Cabinet of Baltimore City and Mayor Schmoke responded, for example, by asserting: "We support these principles, but have serious reservations about what the recommendations in the draft will accomplish ... they represent a collection of recommendations that are currently in vogue ... but it does not represent enough of a paradigm shift to allow us to address, in a comprehensive manner, the question of welfare dependency and poverty." Many other individuals and organizations who responded to the F.I.S. expressed similar reservations.

#### A. AREAS OF CONCERN WITH THE COMMISSION'S F.I.S. PROPOSAL:

##### Problem #1 - Prevention.

The F.I.S. does not adequately confront the initial formation of welfare cases resulting from out of wedlock births particularly to teen parents, nor does it demand an adequate level of responsibility for the child from their father.

President Clinton recently noted that "once a really poor woman has a child out of wedlock, it almost locks her and that child into the cycle of poverty which then spins out of control further." Unwed mothers comprise most new entrants, most long-term recipients, and raise a highly disproportionate percentage of children whose social pathology threatens the very fabric of society in communities where high concentrations exist. To cite but one example, approximately 70% of all juvenile offenders in America come from fatherless homes and the relationship between a lack of family structure and disruptive school behavior is "so strong that it virtually erases any link to income, race, or other factors". (W.S.J. - 11/18/93).

Gene Elshain, in commenting for The New York Review of Books on Welfare Realities, noted that the authors (Ellwood and Bane) had observed that "neither long-term welfare use, nor family structure changes seem to have been much influenced by moderate changes in policy. "Why not then," (Elshain asked), "boldly go where no welfare reform has gone before - to prevention and the questions of attitudes, values, and cultures ...". This same reluctance is the primary deficiency of the F.I.S. It simply does not adequately place prevention of the first out of wedlock birth as its primary objective. Researcher, Dr. Catherine Born, of the UMAB School of Social Work, concluded after many years of welfare analysis that to avoid dependency, reform must be directed to two areas: 1) prevention of the first pregnancy, and 2) completion of education. The F.I.S. instead directs its major program attention towards efforts to solve problems which inevitably arise after the birth of a child generally to an unwed mother. Experience has shown that this is too little, too late, for too many.



Problem #2 - The Potential For Work Requirements and Training.

The F.I.S. relies upon community service and a major expansion of training to move substantial numbers of persons off of the welfare rolls - up to 20% at the very beginning and many others after a period of up to 18 months of training.

Congress enacted similar efforts, starting with W.I.N. in 1967, and since that time has passed one program after another, which involves training, incentives, and sanctions, all designed to place clients into jobs. None of these efforts have succeeded in any meaningful degree, and there is little reason to expect that the escalation planned under the F.I.S. will be any more successful.

Judith Gueron, Director of the respected Manpower Demonstration and Research Corporation, stated that training and work programs will be able to reduce welfare case loads "by no more than several percentage points". Yet it is training, together with required community service, that the F.I.S. relies upon to make "a permanent and significant change in the way society perceives the welfare system". Past history does not provide any reasons for optimism.

Problem #3 - The Potential for Expansion of the Rolls.

The difficulty of balancing reasonable and fair improvements in the system which will enhance the opportunity for self-sufficiency among welfare recipients, on the one hand, with the unintentional side effect of such changes to potentially attract new recipients has always been a difficult and delicate balance to maintain for all welfare planners.

The F.I.S. calls for a liberalization of rules governing savings accounts, asset accumulation, training bonuses, disregards, and possibly "fill the gap" support. In addition, it calls for vastly improved training programs and a new single need service grant.

These changes, both individually and collectively, might offer fair and sensible reform for a static caseload, but it is also unfortunately true that they might also end up attracting more people, especially those who currently work but are nevertheless at or below the poverty line. The University of Baltimore has cited research to the Commission that people tend to select the package of benefits - work, welfare, or a combination of both, that is of maximum benefit to them.

Since the criteria for entering into this system is, most often, the birth of an out of wedlock child, such changes in the package offered must be viewed with great caution, for they may result in more harm than good. The debate regarding this connection between out of wedlock birth and welfare eligibility is an ongoing one with most social scientists affirming that young women do not have a child to get welfare. This is probably true, but as Mickey Kaus has observed, the check is the condition that allows people to act on all the other reasons they may have to bring a child into this world. If the underlying enabler consisting of a package of benefits is removed or seriously altered, the other reasons may not be sufficient.

Problem #4 - Lack of Jobs.

The F.I.S. proposal calls for mandatory community service jobs at the end of 18 months, for those unable to obtain private

employment. The past failure of training programs for welfare recipients to place any significant number of clients into the private job market (over and above those who get jobs without any such training assistance) would indicate that this community service part of the proposal will become an unexpectedly large program requiring substantial funding. If not fully implemented, the welfare system would then proceed as it has in the past and the possible deterrent effect of required work would be lost.

This fundamental issue of an inadequate number of jobs, their availability away from areas of high indigent concentration, lack of work experience among clients, and competition from the working poor, presents serious deficiencies not adequately addressed in the F.I.S. The proposal assumes (in spite of the mention of a diversion component) that private jobs (at \$6.00 an hour) will somehow appear for this client population. This has not been true in the past even under more favorable economic conditions.

#### Problem #5 - Complexity.

Our existing public assistance system involves over 90 need-based programs, almost all of which have different rules and regulations, all extremely complex. The F.I.S. calls for extensive increases in a variety of new services, structures to foster inter-agency cooperation, a new system for the imposition of sanctions, corrective action efforts, as well as other staff demands, all of which will further complicate this already overburdened system. Simplification is not a strength of the F.I.S.

#### B. ALTERNATE SOLUTION TO THE COMMISSION'S PROPOSAL

The Governor's Commission did not seriously consider or discuss alternate approaches to Welfare Reform other than that embodied in the F.I.S. model. However, with the assistance of the Abell Foundation, one such alternate proposal entitled the Full Employment Program (F.E.P.) was developed and presented to the Commission in January, 1995. Its basic premises were never further reviewed or evaluated by the staff or Commission, but this plan has been included as an Exhibit to the Commission's Report. The Full Employment Program is hereby submitted by way of this Minority Report as an alternative approach to the Commission's Family Investment System. It is recommended that F.E.P. serve as the framework for testing in one or more areas of the State.

The distinctive features of the F.E.P. are as follows:

##### 1. A Paradigm Shift Towards Prevention

A new message is delivered to potential fathers and mothers regarding what they must expect if they have a child with no means of support. Following a very brief job readiness program, mothers would be required to immediately take an F.E.P. job. Most important, this requirement would also apply to fathers unless support payments were being made. The work requirement would then be real and immediate for both parents, unless they are in school or physically unable to participate.

##### 2. Job Creation

Funds from AFDC grants, food stamps, and jobs are combined to subsidize wages for the creation of new, minimum wage jobs in the private, public, and non-profit sectors.

### 3. Higher Income and Incentives

Job participants in the F.E.P. program will receive higher total incomes than are currently provided by the existing welfare system. This results from the clients new eligibility for the earned income tax credit as a result of holding a wage paying job.

Then, in addition, job participants have an incentive to leave the F.E.P. job program for private, non-F.E.P. employment, even at minimum wage, as a result of their eligibility for food stamps which would be in addition to their wage and E.I.T.C.

### 4. Simplification

The process and program is simplified as much of fraud investigation, re-determinations, existing training programs prior to employment, and check issuance are all greatly reduced.

### SUMMARY

Lawrence Mead, in his book, The Non-working Poor in America, describes the welfare system as "an American crisis comparable to the Civil War and even as a threat to the basic values of Western Civilization". He is, of course, not referring to or even greatly concerned about the direct cost of support, but instead the devastating impact of this system on those who are unfortunately caught in its web, and who seem to form the bulk of a growing underclass which so threatens normal life particularly in America's cities.

For the foreseeable future, Maryland most likely has only one chance to enact meaningful welfare reform. It would be an unfortunate mistake to waste that opportunity on a system that is little more than a reconfiguration of ideas that have been tried and found to be sorely deficient.

The F.E.P. represents a significant new direction, and is currently being put into effect with some variations in Oregon and Mississippi. Several other states are examining programs based upon F.E.P. principles.

The urgency for such significant change is real and widely agreed upon. Effective reform must place prevention as its top priority, and for those who do find themselves in the system, there must be a realistic way out. Mickey Kaus claims that "only work works". That is the thrust of the Full Employment Program. It cannot possibly solve all of the problems faced, but it may provide a framework for a productive start.

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June 9, 1994

Respectfully submitted by:

Charles F. Obrecht

Leonard R. Sachs

*Editor's Note: Commissioners Calhoun Bond and Frederick D'Alessio have joined in endorsing part of the minority report submitted by Commissioner Obrecht. Their qualifying letters are included in this appendix.*

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June 9, 1994

RE: Final Report To The Governor On Welfare Reform

Mr. Richard B. Larson  
Staff Director  
Governor's Commission on Welfare Policy  
Maryland Department of Human Resources  
311 W. Saratoga Street  
Baltimore, Maryland 21201-3521

Re: Governor's Commission on Welfare Policy

Dear Rich:

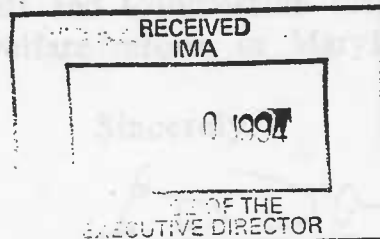
I am writing to confirm that I concur with Section B of the minority report which sets forth an alternative approach to the Commission's Family Investment System. I also concur with the recommendation that the Full Employment Program serve as the framework for testing in one or more areas of the State.

Sincerely,

*Calhoun Bond/db*  
Calhoun Bond

CB:db

cc: Ms. Daryl C. Plevy



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Frederick D. D'Alessio  
President & Chief Executive Officer

June 24, 1994

Mr. Richard E. Larson  
Director - Office of Program Innovation  
Income and Maintenance Administration  
Maryland Department of Human Resources  
311 W. Saratoga Street  
Baltimore, Maryland 21201

RE: Final Report To The Governor On Welfare Reform

Dear Richard,

After more than a year of arduous study and discussion, it became apparent to all members of the Governor's Commission on Welfare Policy, that our current welfare system is in need of reform.

The Commission's Final Report recommends implementation of the Family Investment System (FIS) program. While I am in agreement with the recommendations contained in the Final Report, I would like to state my position regarding the Full Employment Program (FEP) proposal prepared by Samuel Black and Charles Hobbs.

The FEP appears to contain some valuable aspects that merit further consideration. In particular, the notions of job creation and program simplification are aspects that, at a minimum, require additional discussion. Unfortunately, time constraints limited further review and evaluation of the FEP by the staff and Commission members.

While, at this time, I cannot endorse the Full Employment Program as a formal reform recommendation in the Final Report, I do believe that the FEP contains enough merit to recommend its future consideration by the next gubernatorial administration. I am confident that the efforts put forth by the DHR Staff and Commission members will lead to meaningful and successful welfare reform in Maryland.

Sincerely,

